

March 7, 2002

Mike Fiore
Director
Division of Integrated Health Systems
Center for Medicaid and State Operations
Center for Medicare and Medicaid Services
Department of Health and Human Services
Mail Stop S2-01-16
7500 Security Blvd.
Baltimore, MD 21244-1850

Dear Mr. Fiore:

I am writing to provide your office with further clarification regarding our June 13, 2001 application for an amendment to the State's §1115 health care reform demonstration waiver for expanded pharmacy services.

As you know, Maryland is proposing to extend pharmaceutical coverage using the Medicaid payment and rebate structure to the following two groups of people not currently eligible for coverage under the State's Medical Assistance/HealthChoice Program:

- Group I: all individuals not eligible for Medicaid or the Maryland Children's Health Program whose income and assets do not exceed the standards indicated in Attachment 1. Additionally, all Qualified Medicare Beneficiaries (QMBs) would be eligible in this Group. Some members of this Group currently receive a limited prescription drug benefit. Persons in Group I would receive all Medicaid formulary prescription drugs for a \$5 co-pay.
- Group II: Medicare beneficiaries who do not qualify under Group I but whose income is at or below 175 percent of the federal poverty level (currently \$15,505 for an individual, \$20,895 for a couple) would be eligible to purchase all Medicaid formulary drugs at 65 percent co-insurance.

We want to clarify that our intention is that pharmacists would not be required dispense prescriptions for members of these two expansion populations who do not agree to pay the required co-insurance amount. Because the co-insurance amount for this group is greater than the co-pays allowed under Title XIX, it would place a significant financial burden on participating pharmacies if they were required to absorb the cost of unpaid co-insurance. Therefore, in order to ensure a high rate of participation by pharmacies across the State,

Maryland believes it is necessary to grant pharmacists this authority. We understand that this action will create an additional hardship for some participants; however, those individuals otherwise would be required to pay 100% of the retail price, which is considerable higher. Individuals who do not pay the required co-insurance, while not able to receive that particular prescription, would not be disenrolled from the program nor prevented from receiving any other prescriptions for which they do pay the co-insurance.

Thank you for the opportunity to provide you with additional information on this proposal. If you have any questions or need more information, please feel free to contact me at (410) 767-5806.

Sincerely,

John G. Folkemer
Executive Director
Office of Planning, Development and
Finance

cc: Debbie I. Chang, M.P.H.
Linda Welle
Jim Hake